

1 BILL LOCKYER, Attorney General
of the State of California
2 TIMOTHY L. NEWLOVE, State Bar No. 73428
Deputy Attorney General
3 California Department of Justice
110 West "A" Street, Suite 1100
4 San Diego, CA 92101

5 P.O. Box 85266
San Diego, CA 92186-5266
6 Telephone: (619) 645-3034
Facsimile: (619) 645-2061

7 Attorneys for Complainant

8
9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. AC 2004-2

13 DANIEL J. LEONARD
P.O. Box 2639
14 Laguna Hills, California 92653

A C C U S A T I O N

15 Certified Public Accountant
Certificate No. CPA 47978

16 Respondent.
17

18
19 The Complainant, Carol Sigmann, for cause of accusation against DANIEL J.
20 LEONARD, alleges:

21 **PARTIES**

22 1. The Complainant, Carol Sigmann is the Executive Officer of the
23 California Board of Accountancy (hereinafter the "Board") and makes this Accusation solely in
24 her official capacity.

25 2. On or about May 29, 1987, the Board issued to respondent DANIEL J.
26 LEONARD (hereinafter respondent "LEONARD") a certificate, No. 47978, Certified Public
27 Accountant, to practice accountancy in the State of California pursuant to the Accountancy Act,
28 Division 3, Chapter 1, § 5000 et seq. of the California Business and Professions Code. At all

1 times material herein, respondent's certificate was in full force and effect, and will expire on
2 February 28, 2005, unless renewed.

3 JURISDICTION

4 3. Business and Professions Code § 5100 authorizes the Board to bring an
5 administrative disciplinary proceeding against a license holder under the Accountancy Act for
6 unprofessional conduct.

7 4. Business and Professions Code § 118(b) provides that the expiration of a
8 license shall not deprive the Board of jurisdiction to proceed with a disciplinary action during the
9 period within which the license may be renewed, restored, reissued or reinstated.

10 PROFESSIONAL STANDARDS

11 5. At all times material herein, Generally Accepted Accounting Principles
12 ("GAAP") were and are the conventions, rules and procedures that constitute the professional
13 standards of the accounting profession. The GAAP are statements issued by the American
14 Institute of Certified Public Accountants ("AICPA") through successive groups it has established
15 to promulgate accounting standards, including the Financial Accounting Standards Board
16 ("FASB") which issued Statements of Financial Accounting Standards ("FAS"), codified by FAS
17 number; the Accounting Principles Board ("APB"), predecessor to the FASB, which issued
18 numbered Opinions; and the Accounting Standards Division of AICPA which issues Statement
19 of Position ("SOP").

20 6. At all times material herein, Generally Accepted Auditing Standards
21 ("GAAS") were and are standards and principles for performing audits. GAAS are promulgated
22 by the AICPA. GAAS include ten (10) broad standards classified as General Standards,
23 Standards for Fieldwork and Standards of Reporting. The ten GAAS standards (AU § 150),
24 which are interrelated, are attached hereto as Exhibit "A" and are discussed in the Statements of
25 Auditing Standards ("SAS"). SAS are codified by AU numbers.

26 7. At all times material herein, Generally Accepted Government Auditing
27 Standards ("GAGAS") were and are standards for audits of government organizations, programs,

28 ///

1 activities and functions. GAGAS appear in the GAO Government Auditing Standards, 1994
2 Revision, and are referenced herein as the Yellow Book.

3 8. At all times material herein, audit and reporting standards for programs
4 administered by the Department of Housing and Urban Development ("HUD") are contained in
5 the Consolidated Audit Guides for Audits of HUD Programs (HUD Handbook 2000.04 REV-2)
6 August 1997 [applicable to Audits with fiscal years ending on or after September 30, 1997, and
7 before March 31, 2002].

8 9. At all times material herein, the Single Audit Act of 1984 established
9 requirements for audits of states, local governments and indian tribal governments that
10 administer federal financial assistance programs, and mandated that an auditor comply with
11 additional requirements relating to communication with the client, workpaper
12 documentation, continuing education, quality control and reporting. Such requirements appear
13 in the Office of Management and Budget Circular A-133 (hereinafter "OMB Circular
14 A-133").

15 FACTS

16 10. Respondent LEONARD performed an audit of the financial statements
17 of Mortgage Capital Resource Corporation ("MCR") for the year ended October 31, 1999. On
18 March 13, 2000, respondent issued an audit report concerning this audit. In preparing the MCR
19 Audit Report, respondent prepared work papers to support the audit.

20 11. The MCR Audit Report, the financial statements that accompany said
21 report, and the work papers prepared in conjunction with said report fail to comply with
22 professional standards that apply to the practice of public accountancy in the following respects.

23 a. The work papers prepared in conjunction with the MCR Audit Report fail
24 to meet the following GAAS guidelines:

25 (1) Respondent failed to make specific and reasonable inquiries of the
26 the predecessor auditor, as required by AU §§ 315.03 and 315.09.

27 (2) Respondent failed to establish an understanding with the client
28 regarding audit services, as required by AU § 310.05.

1 (3) Respondent failed to document that the audit was adequately
2 planned in that there was no documented assessment of materiality levels or the risk
3 of material misstatement due to fraud, and there were no documented analytical
4 procedures applied in the audit, as required by AU §§ 150, 311.03, 311.05, 316A.37, 329
5 and 339A.05, and Yellow Book § 4.35.

6 (4) Respondent failed to perform and document an assessment of
7 control risk, as required by AU §§ 319.64 and 319.83.

8 (5) Respondent failed to obtain current written representations from
9 MCR's lawyer concerning litigation, claims and assessments, as required by AU §§ 337.

10 (6) The audit of MCR for the year ended October 31, 1999, was
11 required to be conducted in accordance with GAGAS and the Consolidated Audit
12 Guide for HUD Audit Programs. Respondent failed to address the applicability of the
13 HUD compliance testing, and failed to show that respondent used the HUD audit guide or
14 otherwise met the objectives of the HUD program-specific audit, as required by the
15 Yellow Book §§ 5.11 and 5.12, and the HUD Audit Guide, Chapter 1.

16 12. Respondent LEONARD performed an audit of the financial statements
17 of Worldwide Capital Industries, Inc. ("Worldwide") for the year ended December 31, 2001. On
18 May 18, 2002, respondent issued an audit report concerning this audit. In preparing the
19 Worldwide Audit Report, respondent prepared work papers to support the audit.

20 13. The Worldwide Audit Report, the financial statements that accompany
21 said report, and the work papers prepared in conjunction with said report fail to comply with
22 professional standards that apply to the practice of public accountancy in the following respects.

23 a. The Worldwide Audit Report provided an unqualified opinion on the
24 financial statements of Worldwide. Issuance of an unqualified report violated professional
25 standards, in that the following disclosures required by GAAP were excluded from the financial
26 statements:

27 (1) The nature of Worldwide's operation and its use of estimates were
28 not disclosed, as required by SOP 94-6.

1 (2) Worldwide's accounting policy for cash and equivalents was not
2 disclosed, as required by FAS 95, paragraph 10.

3 (3) Cash paid for interest and taxes was not disclosed, as required by
4 FAS 95, paragraph 29.

5 (4) The financial statements or notes did not present the components
6 of tax liability or expense, as required by FAS 109, paragraph 45.

7 b. The work papers prepared in conjunction with the Worldwide Audit
8 Report failed to meet the following GAAS guidelines:

9 (1) Respondent failed to establish an understanding with the client
10 regarding audit services, as required by AU § 310.05.

11 (2) Respondent failed to document that the audit was adequately
12 planned in that there was no documented assessment of materiality levels or the risk
13 of material misstatement due to fraud, and there were no documented analytical
14 procedures applied in the audit, as required by AU §§ 150, 311.03, 311.05, 316A.37, 329
15 and 339A.05, and Yellow Book § 4.35.

16 (3) Respondent failed to perform and document an assessment
17 of control risk, as required by AU §§ 319.64 and 319.83.

18 (4) Respondent failed to obtain written representations from
19 Worldwide's lawyer concerning litigation, claims and assessments, as required
20 by AU §§ 337.

21 (5) Respondent failed to obtain sufficient competent evidential matter
22 concerning the clients's property (land) and equipment (vehicle), as required by AU §§
23 312.25, 326.02, 326.03 and 339A.05.

24 (6) Worldwide was a Title I Loan Correspondent and required an audit
25 that was conducted in accordance with GAGAS and the Consolidated Audit Guide for
26 HUD Audit Programs. Respondent failed to address the applicability of the HUD
27 compliance testing and failed to show that respondent used the HUD audit guide or
28

///

1 otherwise met the objectives of the HUD program-specific audit, as required by the
2 Yellow Book §§ 5.11 and 5.12, and the HUD Audit Guide, Chapter 1.

3 14. Respondent LEONARD performed an audit of the financial statements
4 of Advanced Brain Monitoring, LLC ("ABM") for the year ended December 31, 1999. On
5 March 3, 2000, respondent issued an audit report concerning this audit. In preparing the ABM
6 Audit Report (year ended December 31, 1999), respondent prepared work papers to support the
7 audit.

8 15. The ABM Audit Report (year ended December 31, 1999), the financial
9 statements that accompany said report, and the work papers prepared in conjunction with said
10 report fail to comply with professional standards that apply to the practice of public accountancy
11 in the following respects.

12 a. The ABM Audit Report (year ended December 31, 1999) expressed
13 an unqualified opinion of the financial statements that accompanied the report. However, the
14 audit report departed from professional standards in the following respects:

15 (1) The introductory paragraph of the audit report failed to specify
16 each financial statement of ABM that was audited, as required by AU § 508.06.

17 (2) The audit report failed to present a statement of cash flows, as
18 required by FAS 95, paragraph 3.

19 (3) The audit report failed to disclose the level of responsibility
20 on comparative information presented for the year ended December 31, 1998, as required
21 by AU § 504.05.

22 (4) While respondent expressed an unqualified opinion on the
23 financial position of ABM as of December 31, 1999, he failed to express an opinion
24 on the related statement of income and expenses for the year then ended, as required by
25 AU § 504.04.

26 b. Although the ABM Audit Report (year ended December 31, 1999)
27 expressed an unqualified opinion on the financial position of ABM, the audit report failed
28 to contain modifications for ABM's failure to disclose the following information:

1 (1) Cash paid for interest and taxes, as required by FAS 95,
2 paragraph 29.

3 (2) The nature of the company's principal markets and the location
4 of the markets, as required by SOP 94-6, paragraph 10.

5 (3) A general description of the depreciation method, or methods
6 used in computing depreciation expense, as required by APB No. 12, paragraph 5.

7 (4) The method and period for amortizing intangible assets, as
8 required by APB No. 17, paragraph 30.

9 (5) The significant components of income tax attributable
10 to continuing operations of ABM, as required by FAS No. 109, paragraph 45.

11 (6) Operating lease terms and future minimum rental payments,
12 as required by FAS No. 13, paragraph 16.

13 c. The work papers prepared in conjunction with the ABM Audit Report
14 (year ended December 31, 1999) fail to meet the following GAAS guidelines:

15 (1) Respondent failed to document that the audit was adequately
16 planned in that there was no documented assessment of materiality levels or the risk
17 of material misstatement due to fraud, there were no audit programs, and there were no
18 documented analytical procedures applied in the audit, as required by AU §§ 150, 311.03,
19 311.05, 316A.37, 329, 339A.05, and Yellow Book § 4.35.

20 (2) Respondent failed to document an understanding of the
21 components of internal control, as required by AU §§ 150, 319.07, 319.30 to 319.32,
22 339A.05, and 319.61.

23 (3) Respondent failed to perform and document an assessment
24 of control risk, as required by AU §§ 319.64 and 319.83.

25 (4) Respondent failed to obtain written representations from ABM's
26 lawyer concerning litigation, claims and assessments, as required by AU §§ 337.

27 (5) Respondent failed to obtain sufficient competent evidential
28 matter concerning certain significant items, including cash balances, furniture and

1 equipment, patents, prepaid expenses, liabilities, continued losses, and the consistency
2 in the application of accounting principles employed from the previous year to the
3 current year, as required by AU §§ 150, 312.25, 326.02, 326.03, 339A.05, 341A.03, and
4 420.24.

5 (6) Respondent failed to perform and document a search for
6 unrecorded liabilities or other procedures related to the subsequent period in order to aid in the
7 evaluation of the balances of assets and liabilities on the balance sheet date, as required by
8 AU § 560.10-12.

9 (7) ABM required an audit that was conducted in accordance
10 with GAGAS and OMB Circular A-133. Respondent failed to address the applicability
11 of the compliance requirements in OMB Circular A-133, as required by the Yellow Book
12 § 5.11.

13 16. Respondent LEONARD also performed an audit of the financial
14 statements of ABM for the year ended December 31, 2000. On April 19, 2001, respondent
15 issued an audit report concerning this audit. In preparing the ABM Audit Report (year ended
16 December 31, 2000), respondent asserted that he prepared work papers to support the audit.
17 However, in July, 2003, as part of a Board investigation concerning the ABM Audit Reports,
18 respondent LEONARD informed a Board Investigator that he could not find the work papers for
19 the ABM Audit Report (year ended December 31, 2000), and that such work papers were largely
20 similar to the work papers for the ABM Audit Report (year ended December 31, 1999).

21 17. The ABM Audit Report (year ended December 31, 2000), the financial
22 statements that accompany said report, and the work papers prepared in conjunction with said
23 report fail to comply with professional standards that apply to the practice of public accountancy
24 in the following respects.

25 a. Respondent failed to retain a record of his audit work in the form of
26 working papers, and failed to use reasonable procedures for the safe custody of his working
27 papers, as required by AU § 339A.08 and Yellow Book § 4.34.

28 b. The ABM Audit Report (year ended December 31, 2000) departed from

1 professional standards in the manner described hereinabove in paragraphs 15, 15(a)(1), 15(a)(2),
2 15(a)(3), and 15(a)(4).

3 c. The ABM Audit Report (year ended December 31, 2000) failed to contain
4 modifications for ABM's failure to disclose significant information in the manner described
5 hereinabove in paragraphs 15, 15(b)(1), 15(b)(2), 15(b)(3), 15(b)(4), 15(b)(5), and 15(b)(6).

6 18. Although at the time of the MCR Audit Report, the Worldwide Audit
7 Report and both of the ABM Audit Reports, respondent LEONARD had been performing
8 governmental audits for more than three (3) years, he failed to obtain an external quality review,
9 as required by Yellow Book § 3.31.

10 FIRST CAUSE OF ACCUSATION

11 FAILURE TO COMPLY WITH 12 PROFESSIONAL STANDARDS

13 19. Complainant incorporates herein by this reference the preamble and each
14 of the allegations set forth in paragraphs 1 through 18 hereinabove.

15 20. Business and Professions Code § 5100(g) provides that unprofessional
16 conduct under the Accountancy Act includes a willful violation of the Act or any regulation
17 promulgated by the Board.

18 21. Business and Professions Code § 5062 provides that a licensee shall issue
19 a report which conforms to professional standards upon completion of a compilation, review or
20 audit of financial statements.

21 22. Section 58 of Title 16 of the California Code of Regulations (hereinafter
22 the "Board Regulations") provides that licensees engaged in the practice of public accountancy
23 shall comply with all applicable professional standards, including, but not limited to, generally
24 accepted accounting principles and generally accepted auditing standards.

25 23. The certificate of Certified Public Accountant held by respondent
26 LEONARD is subject to discipline under Business and Professions Code § 5100(g), for a willful
27 violation of Business and Professions Code § 5062 and Board Regulation 58, in that respondent

28 ///

1 deviated from professional standards in conducting the MCR, Worldwide and ABM Audits, as
2 described in paragraphs 11, 13, 15, 17 and 18 hereinabove.

3 SECOND CAUSE OF ACCUSATION

4 GROSS NEGLIGENCE

5 24. Complainant incorporates herein by this reference the preamble and each
6 of the allegations set forth in paragraphs 1 through 18 hereinabove.

7 25. Business and Professions Code § 5100(c) provides that unprofessional
8 conduct under the Accountancy Act includes gross negligence in the practice of public
9 accountancy.

10 26. The certificate of Certified Public Accountant held by respondent
11 LEONARD is subject to discipline under Business and Professions Code § 5100(c), in that
12 respondent committed gross negligence through the numerous deviations from professional
13 standards in conducting the MCR, Worldwide and ABM audits, as described in paragraphs 10
14 through 18 hereinabove.

15 COST RECOVERY

16 27. Business and Professions Code § 5107(a) provides that the Executive
17 Officer of the Board may request the Administrative Law Judge, as part of the Proposed Decision
18 in a disciplinary proceeding, to direct any holder of a permit or certificate found guilty of
19 unprofessional conduct, inter alia, in violation of Business and Professions Code § 5100(c), to
20 pay to the Board all reasonable costs of investigation and prosecution of the case, including, but
21 not limited to, attorney's fees. Section 5107(a) further provides that the Board shall not recover
22 costs incurred at the administrative hearing.

23 28. In the event that the Administrative Law Judge finds that respondent
24 LEONARD has committed unprofessional conduct in violation of Business and Professions
25 Code § 5100(c), Complainant requests that the Proposed Decision provide for the recovery of all
26 reasonable costs of investigation and prosecution of the case, according to proof, pursuant to
27 Business and Professions Code § 5107.

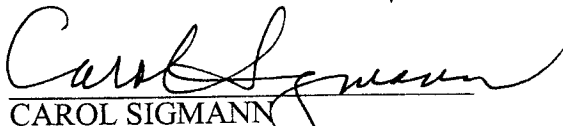
28 ///

PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the California Board of Accountancy issue a decision:

1. Revoking, suspending or otherwise imposing discipline upon Certified Public Accountant Certificate Number 47978, issued to DANIEL J. LEONARD;
2. Awarding the Board costs as provided by statute; and
3. Taking such other further action as may be deemed proper.

DATED: October 28, 2003.


CAROL SIGMANN
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California

Complainant

1 BILL LOCKYER, Attorney General
of the State of California
2 SUSAN A. RUFF, State Bar No. 115869
Deputy Attorney General
3 California Department of Justice
110 West "A" Street, Suite 1100
4 San Diego, CA 92101

5 P.O. Box 85266
San Diego, CA 92186-5266
6 Telephone: (619) 645-2077
7 Facsimile: (619) 645-2061

8 Attorneys for Complainant

9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

11 In the Matter of the Accusation Against:

Case No. AC 2004-2

12 DANIEL J. LEONARD
13 P.O. Box 2639
14 Laguna Hills, CA 92653

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

15 Certificate No. CPA 47978

16 Respondent.

17
18 In the interest of a prompt and speedy settlement of this matter, consistent with the
19 public interest and the responsibility of the California Board of Accountancy of the Department
20 of Consumer Affairs, the parties hereby agree to the following Stipulated Settlement and
21 Disciplinary Order which will be submitted to the Board for approval and adoption as the final
22 disposition of the Accusation.

23 **PARTIES**

24 1. Carol Sigmann (Complainant) is the Executive Officer of the California
25 Board of Accountancy. She brought this action solely in her official capacity and is represented
26 in this matter by Bill Lockyer, Attorney General of the State of California, by Susan A. Ruff,
27 Deputy Attorney General.

28 ///

2. Respondent Daniel J. Leonard (Respondent) is representing himself in this proceeding and has chosen not to exercise his right to be represented by counsel.

3. On or about May 29, 1987, the California Board of Accountancy issued Certificate No. CPA 47978 to Respondent. The Certificate was in full force and effect at all times relevant to the charges brought in Accusation No. AC 2004-2 and will expire on February 28, 2005, unless renewed.

JURISDICTION

4. Accusation No. AC 2004-2 was filed before the California Board of Accountancy (Board) , Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on November 7, 2003. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC 2004-2 is attached as exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

5. Respondent has carefully read, and understands the charges and allegations in Accusation No. AC 2004-2. Respondent has also carefully read, and understands the effects of this Stipulated Settlement and Disciplinary Order.

6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

/ / /

///

1 CULPABILITY

2 8. Respondent admits the truth of each and every charge and allegation in
3 Accusation No. AC 2004-2.

4 9. Respondent agrees that his Certificate is subject to discipline and he agrees
5 to be bound by the Board 's imposition of discipline as set forth in the Disciplinary Order below.

6 CONTINGENCY

7 10. This stipulation shall be subject to approval by the Board. Respondent
8 understands and agrees that counsel for Complainant and the staff of the Board may
9 communicate directly with the Board regarding this stipulation and settlement, without notice to
10 or participation by Respondent. By signing the stipulation, Respondent understands and agrees
11 that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the
12 Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and
13 Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for
14 this paragraph, it shall be inadmissible in any legal action between the parties, and the Board
15 shall not be disqualified from further action by having considered this matter.

16 11. The parties understand and agree that facsimile copies of this Stipulated
17 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
18 force and effect as the originals.

19 12. In consideration of the foregoing admissions and stipulations, the parties
20 agree that the Board may, without further notice or formal proceeding, issue and enter the
21 following Disciplinary Order:

22 **DISCIPLINARY ORDER**

23 IT IS HEREBY ORDERED that Certificate No. CPA 47978 issued to Respondent
24 is revoked. However, the revocation is stayed and Respondent is placed on probation for three
25 (3) years on the following terms and conditions.

26 ///

27 ///

1 1. **Obey All Laws.** Respondent shall obey all federal, California, other
2 states' and local laws, including those rules relating to the practice of public accountancy in
3 California.

4 2. **Submit Written Reports.** Respondent shall submit, within ten (10) days
5 of completion of the quarter, written reports to the Board on a form obtained from the Board.
6 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,
7 and verification of actions as are required. These declarations shall contain statements relative to
8 Respondent's compliance with all the terms and conditions of probation. Respondent shall
9 immediately execute all release of information forms as may be required by the Board or its
10 representatives.

11 3. **Personal Appearances.** Respondent shall, during the period of probation,
12 appear in person at interviews/meetings as directed by the Board or its designated
13 representatives, provided such notification is accomplished in a timely manner.

14 4. **Comply With Probation.** Respondent shall fully comply with the terms
15 and conditions of the probation imposed by the Board and shall cooperate fully with
16 representatives of the California Board of Accountancy in its monitoring and investigation of the
17 Respondent's compliance with probation terms and conditions.

18 5. **Practice Investigation.** Respondent shall be subject to, and shall permit,
19 a practice investigation of the Respondent's professional practice. Such a practice investigation
20 shall be conducted by representatives of the Board, provided notification of such review is
21 accomplished in a timely manner.

22 6. **Comply With Citations.** Respondent shall comply with all final orders
23 resulting from citations issued by the California Board of Accountancy.

24 7. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
25 Respondent should leave California to reside or practice outside this state, Respondent must
26 notify the Board in writing of the dates of departure and return. Periods of non-California
27 residency or practice outside the state shall not apply to reduction of the probationary period, or
28 of any suspension. No obligation imposed herein, including requirements to file written reports,

1 reimburse the Board costs, and make restitution to consumers, shall be suspended or otherwise
2 affected by such periods of out-of-state residency or practice except at the written direction of the
3 Board.

4 8. **Violation of Probation.** If Respondent violates probation in any respect,
5 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation
6 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke
7 probation is filed against Respondent during probation, the Board shall have continuing
8 jurisdiction until the matter is final, and the period of probation shall be extended until the matter
9 is final.

10 9. **Completion of Probation.** Upon successful completion of probation,
11 Respondent's license will be fully restored.

12 10. **Supervised Practice.** Within thirty (30) days of the effective date of this
13 decision, Respondent shall submit to the Board or its designee for its prior approval a plan of
14 practice that shall be monitored by another CPA or PA who provides periodic reports to the
15 Board or its designee. Respondent shall pay all costs for such monitoring.

16 11. **Samples - Audit, Review or Attest Engagements.** During the period of
17 probation, if Respondent undertakes an audit, review or other attest engagement, Respondent
18 shall submit to the Board as an attachment to the required quarterly report a listing of the same.
19 The Board or its designee may select one or more from each category and the resulting report and
20 financial statement and all related working papers must be submitted to the Board or its designee
21 upon request.

22 12. **Library Reference Materials.** Respondent shall have immediate access
23 to, shall use, and shall maintain published materials and/or checklists which are consistent with
24 the practice. Such materials and checklists shall be produced on-site for review by the Board or
25 its designee upon reasonable notice.

26 13. **Continuing Education Courses.** Respondent shall complete twenty-four
27 (24) hours of continuing professional education courses as specified by the Board or its designee
28 at the time of Respondent's first probation appearance. The professional education courses shall

1 be completed within a period of time designated and specified in writing by the Board or its
2 designee, which time-frame shall be incorporated as a condition of this probation. This shall be
3 in addition to continuing education requirements for relicensing.

4 Failure to satisfactorily complete the required courses as scheduled or failure to
5 complete same no later than 100 days prior to the termination of probation shall constitute a
6 violation of probation.

7 14. **Active License Status.** Respondent shall at all times maintain an active
8 license status with the Board, including during any period of suspension. If the license is expired
9 at the time the Board's decision becomes effective, the license must be renewed within 30 days of
10 the effective date of the decision.

11 15. **Cost Reimbursement.** Respondent shall reimburse the Board
12 \$10, 275.00 for its investigation and prosecution costs. The payment shall be made as follows: in
13 equal, quarterly payments (due with quarterly written reports), the final payment being due one
14 year before probation is scheduled to terminate.

15 ACCEPTANCE

16 I have carefully read the Stipulated Settlement and Disciplinary Order. I
17 understand the stipulation and the effect it will have on my Certificate. I enter into this
18 Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree
19 to be bound by the Decision and Order of the California Board of Accountancy.

20
21 DATED: 2-7-04.

22
23 
24 DANIEL J. LEONARD
Respondent

25 ///

26 ///

27 ///

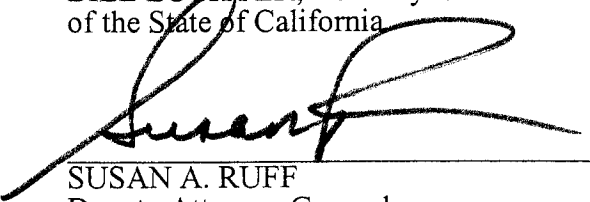
28 ///

1 ENDORSEMENT

2 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
3 submitted for consideration by the California Board of Accountancy of the Department of
4 Consumer Affairs.

5
6 DATED: 2/23/04.

7 BILL LOCKYER, Attorney General
8 of the State of California

9
10 
11 SUSAN A. RUFF

12 Deputy Attorney General

Attorneys for Complainant

13 DOJ Matter ID: SD2003800277
14 80014814.wpd
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2004-2

DANIEL J. LEONARD

P.O. Box 2639

Laguna Hills, CA 92653

Certified Public Accountant

Certificate No. CPA 47978

Respondent

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

The foregoing Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy of the Department of Consumer Affairs, as its Decision in the above entitled matter. This Decision shall become effective on June 18, 2004.

It is so ORDERED on this 19th day of May, 2004.



IAN B. THOMAS, BOARD PRESIDENT
For the California Board of Accountancy
California Department of Consumer Affairs